



**Director of
Central
Intelligence**

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IRAN-IRAQ: New Iranian Preparations

The Iranians appear to be strengthening their positions near the marsh areas for more attacks that probably will coincide with a major offensive against Al Basrah to the south. [redacted]

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[redacted] the Iranians are building a pontoon bridge, another HAWK air defense missile site, and an air resupply point to support their operations in the marshes. There appeared to be no significant change, however, in Iranian or Iraqi positions. [redacted]

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A reporter in the area on Wednesday said he saw 3,000 to 4,000 Iranian dead. [redacted]

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Iraqi military spokesmen said this weekend that Baghdad will temporarily refrain from striking loading facilities on Khark Island if the Iranians allow Iraq to begin exporting oil again through the Gulf.

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Comment: The Iranian preparations near the marshes probably will precede new, larger attacks to gain control of the strategic road from Baghdad to Al Basrah. Such attacks probably will coincide with a major offensive against Al Basrah. [redacted]

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The Iraqis' exemption of Khark probably is designed to conceal their reluctance to attack the heavily defended island. [redacted]

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LEBANON: Christians Noncommittal on Talks in Damascus

All sides appear to be taking a wait and see attitude toward the expected announcement today of President Gemayel's decision on the abrogation of the 17 May Lebanese-Israeli agreement.

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Former President Shamun consulted over the weekend with various Christian leaders in an effort to reach a definitive position on Gemayel's meetings last week with Syrian President Assad, according to press reports.

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A Beirut newspaper cites Lebanese Foreign Minister Salem as saying the government will seek to reopen negotiations with Israel to replace the 17 May accord with a new security plan that will not contain political clauses. Jerusalem radio also reported yesterday that Lebanon has asked Israel to reopen discussions on security arrangements in south Lebanon.

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Comment: The noncommittal attitude of Christian leaders stands in sharp contrast to their tough line of recent days. It suggests there is little unanimity among Maronites on a course of action if Gemayel abrogates the treaty.

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Gemayel may believe he can finesse the abrogation issue by reopening talks with Israel that, at least officially, would limit a new agreement to security issues. Syria may see renewed talks as paving the way for an Israeli withdrawal from Lebanon. Israel almost certainly will refuse to go along with any revision of the 17 May accord and can be expected to pursue its own security arrangements for its northern border.

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Nicaragua: Political Parties

Patriotic Revolutionary Front (Sandinista Coalition)

Sandinista National Liberation Front
Nicaraguan Socialist Party
Popular Social Christian Party
Independent Liberal Party

Democratic Coordinating Board (Opposition Coalition)

Social Christian Party
Social Democratic Party
Liberal Constitutional Movement

Two independent unions and the Supreme Council of Private Enterprise also are members of the Coordinating Board.

Democratic Conservative Party cooperates but is not a member.

Other Opposition Groups

Nicaraguan Communist Party
Marxist-Leninist People's Action Movement

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NICARAGUA: Preparations for Elections

The Sandinistas are ignoring the demands of the weak and divided opposition and are proceeding with their own election plans.

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The Sandinista-dominated Council of State is moving quickly to approve the electoral law with few changes from the regime's draft. The opposition Social Democratic Party withdrew from the debate last week to protest Sandinista inflexibility. The Sandinistas are claiming that the US is urging the opposition to boycott the elections.

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Junta Coordinator Ortega says the state of emergency will not be lifted but only gradually relaxed to allow election activity. Interior Minister Borge recently said Sandinista candidates will be announced in May or June. The Independent Liberal Party, one of the Sandinistas' three small coalition partners, has announced it will run alone in the elections, while the Nicaraguan Socialist Party—a Moscow-aligned Communist party—says it will stay with the Sandinistas.

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The opposition is considering proposing a deadline for the Sandinistas to end the state of emergency and accept its proposal for a national dialogue. The US Embassy reports, however, that meetings of the opposition coalition to coordinate an election strategy have ended in disarray. In addition, efforts to reconcile feuding factions of the Conservative Party also have failed.

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Comment: The Sandinistas are allowing the opposition to speak its mind in the Council debate but are letting it make only small changes. The Independent Liberals' defection—the first from the ruling coalition—will not cost the government many votes, and the Sandinistas probably will point to it as further evidence of pluralism.

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The opposition has agreed on little since December, when it set tough conditions for participating in the elections. While the Social Democratic Party's unilateral action demonstrates the opposition's present disunity, it also draws attention to the opposition's threat to boycott the elections.

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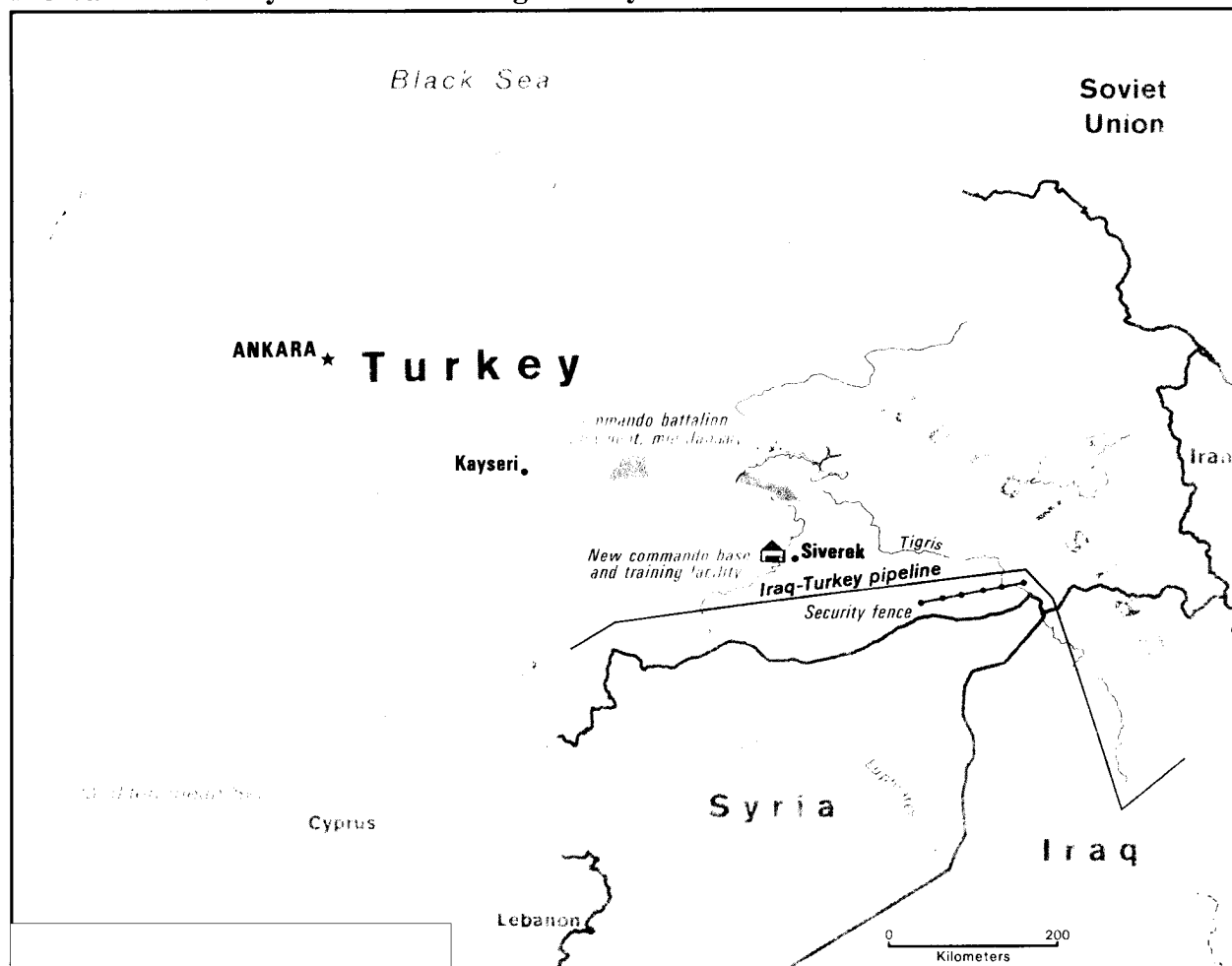
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Increased Security Measures Along Turkey's Southeastern Border



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TURKEY: Concern About Border Security

The Turkish Government has taken several steps in recent months to increase the security of its southeastern border. [REDACTED]

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Last summer the Turks began constructing a fence along most of the eastern segment of the Syrian border. In this same area soldiers man a series of 36 watchtowers plus 15 small stations farther back from the border. [REDACTED]

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In addition, a new commando base and training facility have been built near Siverek. According to the US defense attache in Ankara, the commando unit could undertake operations in Syria or along the Syrian border. [REDACTED]

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Comment: Turkey has been primarily concerned with protecting vital economic targets along the border, including the Iraqi-Turkish oil pipeline and trade routes. The recent Turkish moves also may have been prompted by fears of a rumored Iraqi offer of autonomy to Iraqi Kurds that might have repercussions among Turkish Kurds. Kurdish separatism and harassment of Turkish border security forces have long been a problem for Ankara. [REDACTED]

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Iraq's preoccupation with its war with Iran has reduced its ability to control the Kurds in the north. This was probably a major factor in Baghdad's decision to permit the Turks to conduct the operation last spring against the Kurds in Iraq. Any major resurgence of Kurdish dissident activity might prompt Ankara to consider mounting another sweep against the Kurds. [REDACTED]

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FRANCE-EC: Results of Mitterrand's Consultations

Prospects remain uncertain for early resolution of the EC's financial crisis, despite President Mitterrand's recent bilateral meetings with other EC leaders. []

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Mitterrand has consulted privately with other EC leaders over the past two months in an attempt to develop a consensus on how to resolve the Community's financial difficulties. US Embassy sources report Mitterrand has told his counterparts that two issues have to have priority—controlling the growth of agricultural spending and dismantling the EC's elaborate system of agricultural exchange rates designed to offset currency fluctuations. He says that the problem of the UK's disproportionate budget payments is secondary and that he favors an interim approach to London's problem. []

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[] Chancellor Kohl has agreed to adjustments in agricultural exchange rates but that he wants a longer transition period than Mitterrand. Although most EC members now support taxing excess milk production in order to cut down surpluses, serious differences remain over how quotas should be determined and implemented. []

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Comment: Mitterrand's approach, which stresses high-level political contacts and bypasses the technical complexity of the issues, probably is intended to lay the political groundwork for addressing the EC's problems. As a result, concrete solutions are unlikely to emerge before the EC summit next month. []

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Mitterrand probably hopes to announce a general agreement outlining the direction for reform, combined with a pledge to work out the details at the following EC summit in June. By deemphasizing the UK's particular budgetary demands, however, he risks isolating it and provoking a showdown with Prime Minister Thatcher. []

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The continuing fiscal confusion in the EC provides some benefits to the US. At a meeting of EC Foreign Ministers last week, the UK, West Germany, and Denmark blocked further consideration of import restrictions against US-produced corn gluten feed until the budget and agricultural issues are settled. []

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HUNGARY: Possible Reactions to Economic Reform

The regime appears increasingly concerned about the potential public reaction to a new series of economic reforms that it is preparing. []

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[] senior Hungarian economist and Central Committee member Nyers recently told Japanese leaders in Tokyo that Budapest is concerned that austerity is causing political and social unrest. He said government officials believe that, if the population does not see improvement within five years, the unrest will erupt. []

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Another prominent economist, Laszlo Antal, stated publicly last month that the country has no choice but to continue reform, if it is to achieve sustainable long-term economic growth. He warns that, in the short term, it will require more unemployment, inflation, and a general loss of economic security. []

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[] the government will introduce major new reforms this year, possibly as early as this spring. The new measures will try to decentralize management, introduce more Western fiscal and monetary methods, and increase the role of market forces in setting prices and wages. []

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The regime has begun an intensive education campaign to prepare the population for the new measures. Recent articles suggest reducing unemployment by such measures as encouraging women to stay at home. Others have blamed conservative enterprise managers for the outdated approach to production and systems of management. []

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Comment: Nyers and Antal are among Hungary's most outspoken advocates of reform, and they overstate the likely scope and pace of future reforms. The regime still has to persuade opponents—particularly the trade unions—that the long-term benefits of reform outweigh the short-term pain. The Hungarians will watch carefully for any signs of opposition from the new Soviet leadership. []

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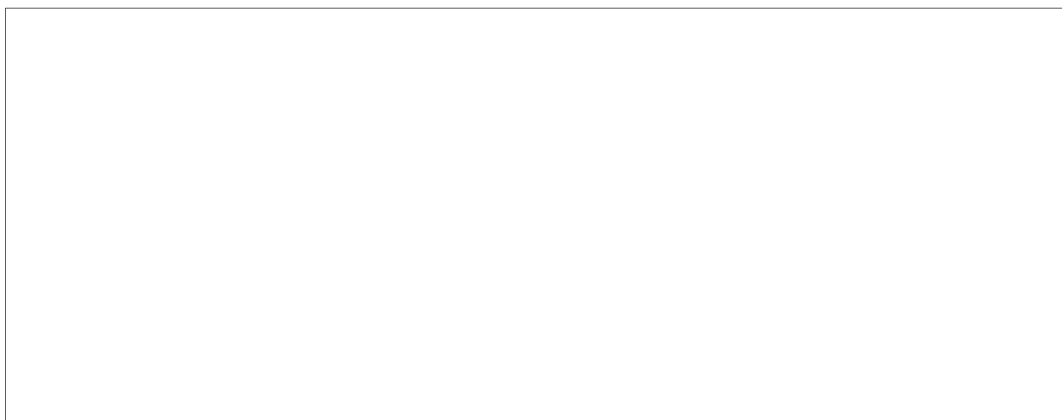
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ZIMBABWE: Antigovernment Violence

The government continues to have little success in stemming dissident violence in Matabeleland. [redacted]

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Banditry and antigovernment violence has persisted for over two years, despite continuous military operations. The government's inability to protect the region recently has caused some white commercial farmers and ranchers to abandon their land, further eroding the confidence of the remaining whites in the country. [redacted]

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Comment: The violence probably will prompt more Zimbabweans to seek safety in Botswana, thereby adding to the tension between the two neighbors. Harare already is unhappy with the dissidents' use of Botswanan territory. [redacted]

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PERU: Status of the Insurgency

Sendero Luminoso's plans for increased terrorism will cause greater security problems for the government, but several factors still hamper the development of a national insurgent movement.

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Sendero Luminoso's recent activity has prompted the government to expand the emergency zone from 10 to 12 provinces. The newly appointed commander of the zone plans a more aggressive military effort complemented by increased economic aid.

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Comment: The guerrillas probably will try to increase attacks on rural police posts, economic targets, government officials, and uncooperative villages. They also will work to rebuild their strength in Lima, where recent arrests have severely damaged their organization.

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The insurgents' increased activities outside normal base areas are likely to reflect efforts by scattered groups to relieve pressure on main force units in the emergency zone rather than increased capabilities. Their decision to continue unpopular violent tactics, the gradually improving capabilities of the security forces, and impressive leftist gains in recent municipal elections probably will limit support for the guerrillas.

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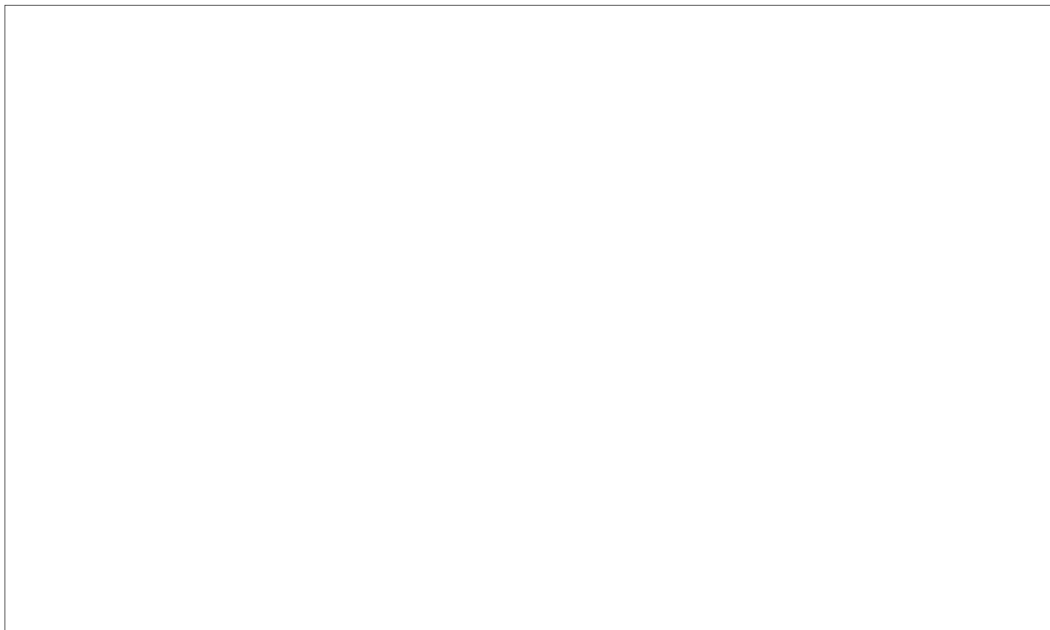
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CHINA-US: Illegal Effort To Acquire Technology

Five ethnic Chinese, three of whom are US citizens, were arrested early last month for conspiring to violate the Arms Export Control Act. The group possessed a "shopping list" of 14 military-related items, six of which may have already been exported to China. The list included restricted, advanced equipment that could have application in electronic surveillance and missile guidance and tracking. Other items on the list are available to China under the liberalized US export policy.

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Comment: Chinese officials have publicly denied any knowledge of the incident. China is likely to continue its covert acquisition of US technology to support its strategic weapons program and to circumvent delays in the export licensing process.

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Iraqi Chemical Warfare Production Facilities



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Special Analysis

IRAQ-IRAN: Chemical Warfare Capabilities

Iraq's determined effort to produce chemical warfare weapons enabled Baghdad to use mustard agent against Iranian forces beginning last August. Recent activity at Iraq's two CW production plants suggests that new substances, probably nerve agents, will become available later this year. Quantity production of chemical weapons could significantly improve Iraq's military position. Iraq also could become a supplier of CW weapons and equipment to other countries in the Middle East and possibly to terrorist groups.

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The Iraqis first used mustard agent between August and November. They used chemical agents again late last month. The agents most often have been delivered by bombs, but artillery and mortars also are used.

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Iraq also has employed riot control agents against Iranian forces. These are considered by many countries to be chemical weapons, a categorization that has led to confusion over Iranian claims of chemical agent use by Iraq.

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The Iraqis' ability to use chemical weapons results from an effort begun in the 1960s. Their initial projects were strictly defensive, and emphasized CW protective measures using equipment primarily from the USSR. The offensive chemical weapons program began in the early 1970s, and it accelerated in the early 1980s as a result of the war.

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Chemical Warfare Facilities

Baghdad has built two major facilities, both of which produced the mustard agent used against the Iranians. Salman Pak, 20 kilometers south of Baghdad, is the smaller and older of the two. It mainly has carried out research, development, and small-scale production of CW weapons.

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The larger facility, which is nearing completion near Samarra', about 70 kilometers northwest of Baghdad, is not yet up to full-scale production. This facility is well secured and isolated. It has several production buildings, weapons filling areas, and large storage bunkers.

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Iraq presumably already has a small-scale plant for nerve agents and may already have stockpiled a limited quantity of nerve agent munitions. Full-scale production could be possible in six to nine months.

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Implications for Iraq

Baghdad will continue to employ CW as tactical situations require during Iranian offensives. The winter lull in fighting probably allowed it to stockpile enough mustard for several major attacks.

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Expanded use of chemical weapons, especially nerve agents, could heavily influence the battles in Iraq's favor. In addition, Iraq could use CW against key Iranian cities, or to keep Iran from using oil or port facilities on the Persian Gulf without inflicting heavy damage.

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The completion of the facility at Samarra' opens possibilities in the Middle East beyond the war. It will increase the military power of Iraq relative to the other Middle Eastern countries and of the Arab states relative to Israel. Iraq would be able to provide chemical weapons and expertise to Arab countries that do not have a significant production capability, to countries like Libya that are starting a CW weapons program, or to terrorist groups.

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These capabilities, however, could lead Israel or other Middle Eastern countries to launch a preemptive strike to destroy Iraqi CW facilities, as Israel did with Iraq's nuclear installation in 1981.

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Iranian Reaction

The Iranians are working to correct deficiencies in the CW protection of their forces. They also have tried to bring international pressure on the Iraqis to stop the use of CW.

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Iran quickly reported CW attacks to the press when they began. Tehran has presented details to the UN Secretary General and has requested a UN investigation and action to stop further attacks. Iran recently raised the issue at the Committee on Disarmament talks in Geneva.

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Reports from two British doctors who visited CW casualties at hospitals in Tehran supported the Iranian claims. Their findings have been published in British newspapers and magazines. [REDACTED]

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Despite these efforts, Iran has been frustrated at the lack of visible international response to the Iraqi attacks. If the Iranians come to believe such efforts are fruitless, they may try to obtain CW weapons themselves. [REDACTED]

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A program to develop Iranian weapons would take several years. To gain a CW capability in the next year, Iran would have to procure weapons abroad, possibly from Syria, the USSR, or North Korea. [REDACTED]

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Iran's recent allegations that France, the USSR, the US, and the UK are involved in the Iraqi CW program indicate continued uncertainty about the source of Iraq's production equipment. Tehran will continue trying to identify the supplier. Its suspicions could lead Iran to attempt reprisals against foreign personnel or companies in the Persian Gulf area or even in Western Europe. [REDACTED]

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